

Introduced May 2, 2011  
Public Hearing May 16, 2011  
Council Action June 6, 2011  
Executive Action June 8, 2011  
Effective Date August 8, 2011

## County Council Of Howard County, Maryland

2011 Legislative Session

Legislative Day No. 5

Bill No. 16 -2011

Introduced by: The Chairperson at the request of the County Executive

AN ACT amending the Howard County Police and Fire Employees' Retirement Plan to correct reference to the Police Officers' Association and the Human Resources Administrator's membership on the Retirement Plan Committee; to amend certain maximum limitations under Section 415 of the Internal Revenue Code as permitted by changes to Treasury Regulations; and generally relating to the Howard County Police and Fire Employees' Retirement Plan.

Introduced and read first time May 2, 2011. Ordered posted and hearing scheduled.

By order Stephen M LeGendre  
Stephen LeGendre, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on May 16, 2011.

By order Stephen M LeGendre  
Stephen LeGendre, Administrator

This Bill was read the third time on June 6, 2011 and Passed ☒ Passed with amendments ☐ Failed ☐.

By order Stephen M LeGendre  
Stephen LeGendre, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 7<sup>th</sup> day of June, 2011 at 3 a.m./p.m.

By order Stephen M LeGendre  
Stephen LeGendre, Administrator

Approved/Vetoed by the County Executive June 8, 2011

Ken Ulman  
Ken Ulman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Section 1. Be It Enacted by the County Council of Howard County, Maryland that the Howard**  
2 **County Code is amended as follows:**

3  
4 1. *By amending:*

5 *Title 1- Human Resources*

6 *Section 1.433A "Maximum limitation on benefits"*  
7

8 2. *By amending subsection (a) of:*

9 *Title 1 – Human Resources*

10 *Section 1.455A "Retirement Plan Committee"*  
11

12 **Title 1. Human Resources.**

13 **Subtitle 4A. Police and Fire Employees' Retirement Plan.**

14 **Article 3A. Trust Fund.**  
15

16 **Section 1.433A. Maximum limitation on benefits.**

17 Notwithstanding any plan provisions to the contrary:

18 (a) *Maximum Benefit.* To the extent necessary to prevent disqualification under Section 415 of the  
19 Internal Revenue Code, and subject to the remainder of this section 1.433A, the maximum  
20 *[[monthly]]* benefit (exclusive of any benefit attributable to either employee contributions or rollover  
21 contributions) to which any participant may be entitled *[[at]]*IN any *[[time]]* LIMITATION YEAR (WHICH  
22 SHALL BE THE CALENDAR YEAR) pursuant to sections 1.428A--1.432A AND SECTION 1.435A of this  
23 subtitle (hereafter referred to as the "maximum benefit") shall be equal to *[[ (1/12) of ]]* the amount set  
24 forth in Section 415(b)(1)(a) of the Internal Revenue Code *[[ (such amount) ]]* APPLICABLE AS OF THE  
25 PARTICIPANT'S BENEFIT COMMENCEMENT DATE, as adjusted by c/1 increases~~[[,]]~~ IN ALL YEARS  
26 SUBSEQUENT TO A PARTICIPANT'S BENEFIT COMMENCEMENT DATE. SUCH LIMIT IS hereafter referred to  
27 as the "*[[monthly dollar limit]]* ANNUAL DOLLAR LIMIT"~~[[D]]~~. The rate of benefit accrual shall be  
28 frozen or reduced accordingly~~]]~~.

29 (b) *Actuarial Adjustment of ~~[[Monthly]]~~ ANNUAL Dollar Limit.* The *[[monthly dollar limit]]*

1 ANNUAL DOLLAR LIMIT shall be subject to actuarial adjustment as follows:

2 (1) [[If]] (i) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii) BELOW, IF the benefit is payable  
3 in any form other than a single life annuity or a qualified joint and survivor annuity  
4 (as defined for purposes of Section 415 of the Internal Revenue Code), the [[monthly  
5 dollar limit]] ANNUAL DOLLAR LIMIT shall be reduced so that it is the actuarial  
6 equivalent of the ANNUAL DOLLAR LIMIT APPLICABLE TO A single life annuity.

7 (ii) NO ADJUSTMENT WILL BE REQUIRED TO A BENEFIT THAT IS PAID IN THE FORM THAT  
8 IS NOT A STRAIGHT LIFE ANNUITY OR A QUALIFIED JOINT AND SURVIVOR ANNUITY TO  
9 TAKE INTO ACCOUNT THE INCLUSION IN THAT FORM OF AN AUTOMATIC BENEFIT  
10 INCREASE WHICH MEETS THE REQUIREMENTS SET FORTH IN TREASURY REGULATION  
11 SECTION 1.415(B)-1(C)(5).

12 (2) (i) With respect to a benefit beginning before age 62, the [[monthly dollar limit]]  
13 ANNUAL DOLLAR LIMIT shall be reduced to the actuarial equivalent of a  
14 [[monthly]] benefit in the amount of the [[monthly dollar limit]] ANNUAL  
15 DOLLAR LIMIT beginning at age 62.

16 (ii) Notwithstanding the foregoing, however, in no event shall the [[monthly  
17 dollar limit]] ANNUAL DOLLAR LIMIT applicable to benefits beginning before  
18 age 62 be reduced for participants who have earned at least 15 years of  
19 eligibility service as a covered employee, including military service.

20 (3) With respect to a benefit beginning after age 65, the [[monthly dollar limit]] ANNUAL  
21 DOLLAR LIMIT shall be increased so that it is the actuarial equivalent of the [[monthly  
22 dollar limit]] ANNUAL DOLLAR LIMIT applicable to a benefit beginning at age 65.

23 (4) For purposes of this section, actuarial equivalent shall be as defined in section  
24 1.406A, except that the interest rate assumption for purposes of a computation under  
25 paragraph (1) or (2) above shall not be less than five percent or any higher rate  
26 specified in the definition, and for purposes of a computation under paragraph (3)  
27 above, shall not be greater than five percent or any lower rate specified in the  
28 definition.

29 (5) *Applicable Mortality Table*. This subsection shall apply to distributions with annuity

starting dates on or after December 31, 2002.

(i) Notwithstanding any other provision of this subtitle to the contrary, the applicable mortality table used for purposes of adjusting any benefit or limitation under Section 415(b)(2)(B), (C), or (D) of the Internal Revenue Code and the applicable mortality table used for purposes of satisfying the requirements of Section 417(e) of the Internal Revenue Code is the table prescribed in Revenue Ruling 2001-62.

(ii) For any distribution with an annuity starting date on or after the effective date of this section and before the adoption date of this section, if application of the amendment as of the annuity starting date would have caused a reduction in the amount of any distribution, such reduction is not reflected in any payment made before the adoption date of this section. However, the amount of any such reduction that is required under Section 415(b)(2)(B) of the Internal Revenue Code must be reflected actuarially over any remaining payments to the participant.

(c) *Reducing [[Monthly]] ANNUAL Dollar Limit.* The [[monthly dollar limit]] ANNUAL DOLLAR LIMIT shall be reduced (but not by more than 90 percent) by 1/10th for each year of eligibility service less than ten, considering only those years of eligibility service during any part of which the participant was participating in the plan (including those periods for which he or she elected to transfer service pursuant to sections 1.416A--1.418A).

(d) *Other Reductions in Maximum Benefit.* In addition to the foregoing, the maximum benefit shall be reduced, and the rate of benefit accrual shall be frozen or reduced accordingly, to the extent necessary to prevent disqualification of the plan under Section 415 of the Internal Revenue Code, with respect to any participant who is also a participant in:

- (1) Any other tax-qualified pension plan maintained by the County, including a defined benefit plan in which an individual medical benefit account (as described in Section 415(1) of the Internal Revenue Code) has been established for the participant;
- (2) Any welfare plan maintained by the County in which a separate account (as described in Section 419A(d) of the Internal Revenue Code) has been established to provide

- 1 post-retirement medical benefits for the participant; and/or  
2 (3) Any retirement or welfare plan, as aforesaid, maintained by a related employer, as  
3 described in Section 414(b), (c), (m) or (o) of the Internal Revenue Code.  
4

5 **Title 1. Human Resources.**

6 **Subtitle 4A. Police and Fire Employees' Retirement Plan.**

7 **Article 4A. Trustees and Beneficiaries.**  
8

9 **Section 1.455A. Retirement Plan Committee.**

10 (a) *Individuals Serving on the Committee.* The Committee shall consist of those individuals who  
11 hold the following positions:

- 12 (1) Chief Administrative Officer [[of Howard County,]] or designee;  
13 (2) Director of Finance or designee;  
14 (3) Budget Administrator or designee;  
15 (4) [[Personnel]] HUMAN RESOURCES Administrator [[of Howard County,]] as chairman;  
16 (5) Representative of [[Local 86]] LODGE 21 of the [[International Union of Police  
17 Associations]] HOWARD COUNTY POLICE OFFICERS' ASSOCIATION;  
18 (6) Representative of Local 2000 International Association of Firefighters;  
19 (7) Representative of the Howard County Police Department supervisory employees who  
20 shall be entitled to vote only during fiscal years which end in an even number; and  
21 (8) Representative of Howard County Fire and Rescue Services supervisory employees  
22 who shall be entitled to vote only during fiscal years which end in an odd number.  
23

24 **Section 2. *And Be It Further Enacted by the County Council of Howard County, Maryland that***  
25 ***this Act shall become effective 61 days after its enactment.***

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on June 21, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on \_\_\_\_\_, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on \_\_\_\_\_, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on \_\_\_\_\_, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on \_\_\_\_\_, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on \_\_\_\_\_, 2011.

Stephen M. LeGendre  
Stephen M. LeGendre, Administrator to the County Council